

FISCAL NOTE WORKSHEET (Revised Nov. 2006)

Agency: Utah State Office of Education
Daniel Schoenfeld
 Requested By

Bill Number HB164 3rd Sub

Office of the Legislative Fiscal Analyst
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Fax/Electronic Mail Transmittal

| | |
|-------------|--------------------------|
| Date: | <u>February 27, 2007</u> |
| Name: | <u>Daniel Schoenfeld</u> |
| Fax Number: | |

Please return to Fiscal Analyst by: February 27, 2007

TITLE OF BILL: CHARTER SCHOOL AMENDMENTS

This Bill Takes Effect: ☐ On Passage ☒ On July 1 ☐ 60 Days after session ☐ Other _____

Bill Carries Own Appropriation: ☒

FISCAL IMPACT OF PROPOSED LEGISLATION

| A. Revenue Impact by Source of Funds: | First Year | Second Year |
|---------------------------------------|------------|-------------|
| 1. General Fund | | |
| 2. Uniform School Fund - Free Revenue | | |
| 3. Transportation Fund | | |
| 4. Collections | | |
| 5. Other Funds (List Below) | | |
| | | |
| | | |
| 6 Local Funds | | |
| 7. TOTAL | \$0 | \$0 |

| B. Expenditure Impact by Source of Funds: | | |
|---|--------------|--------------|
| 1. General Funds | | |
| 2. Uniform School Fund - Free Revenue | \$51,471,488 | \$35,971,488 |
| 3. Transportation Fund | | |
| 4. Collections | | |
| 5. Other Funds (List Below) | | |
| | | |
| | | |
| 6 Local Funds | | |
| 7. TOTAL | \$51,471,500 | \$35,971,500 |

| C. Expenditure Impact Summary: | | |
|---|--------------|--------------|
| 1. Salaries, Wages and Benefits | \$200,000 | \$200,000 |
| 2. Travel | | |
| 3. Current Expenses | | |
| 4. Capital Outlay | | |
| 5. Other (Specify) <u>Local replacement, admin costs, loan fund</u> | \$51,271,500 | \$35,771,500 |
| 6. TOTAL | \$51,471,500 | \$35,971,500 |

D. Impact in Future Years?

If no fiscal impact in first two years, indicate if there will be any impact in future years, and explain. Also, indicate any significant changes in fiscal impact beyond the first two years. (Use back side, if necessary.) In the future, if the amount of the appropriation does not increase while charter school enrollment increases, charter schools will get fewer funds for the purposes stated in the bill.

| | | | |
|--------------|--|-----------------------|-------------------|
| Cathy Dudley | MSP Budget and Property Tax Specialist | 538-7667 | February 27, 2007 |
| Prepared By | Title | Agency USOE Phone No. | Date |

E. Identify Sections of the Bill That Will Generate the Additional Workload or Cost Increase

Lines 185-187 state that the State School Board shall make rules describing procedures for students to follow in applying for entry into charter schools. Lines 296-299 state that the State School Board may make rules that establish the procedures and deadlines for approved charter schools to apply and qualify for expansion. Lines 322-325 state that the State School Board may make rules that require a charter school to report any threats to the health, safety, or welfare of its students. Lines 389-390 state that the State School Board may make rules to specify elements of charter school closure plans.

Lines 610-613 state that the State Board administer the Charter School Building Subaccount in accordance with rules adopted.

Lines 664-667 state that the State Board of Education shall be appropriated \$300,000 for administration and oversight of charter schools.

F. Expenditure Impact Details (Ties to totals in Section C)

By reading the bill, it was determined that the State School Board must make at least six new rules to implement the requirements in this bill. In addition, the administration and oversight by the Charter School Board will require two additional FTEs. These FTEs will be educational specialists (salary range \$28.34-\$41.44). Benefits will be approximately 32% of the salary plus insurance costs of approximately \$11,000 per FTE, and indirect costs of 16% per FTE.

The additional appropriations will be spent on Charter School Local Replacement Funds. \$28,509,000 will be distributed to charter schools based on fall enrollment at \$1,184 per student (projecting 24,079 students in FY08). An additional \$7,000,000 will be appropriated for local replacement and are nonlapsing. The additional \$8,262,488 will be distributed based upon the average daily membership of the charter schools. The \$6 million appropriated for the Charter School Building Subaccount is nonlapsing.

This bill eliminates the additional \$100,000 going to charter schools presently for administrative costs and appropriates \$750,000 ongoing and \$750,000 one-time for that purpose. The distribution is based on \$62 for each charter school student in enrollment.

G. No Fiscal Impact or Will Not Require Additional Appropriations?

Specify why this bill will have no fiscal impact on your agency or institution.

Specify how you will reallocate workloads, resources, or funding sources to eliminate need for additional appropriations. (USE ATTACHMENTS IF NECESSARY.)

H. If Bill Carries It's Own Appropriation:

Indicate if the amount appropriated is adequate to meet the purposes of the bill.

*Are there future additional costs anticipated beyond the appropriation in the bill? **The appropriations are adequate at this time. However, if the charter school enrollment increases, appropriations should be increased at that time so funds will not have to be prorated to charter schools.***

I. Impact on Local Governments, Businesses, Associations, and Individuals

Specify requirements in the bill that drive the impact on local governments.

*Indicate costs or savings that are **DIRECT and MEASURABLE**. If direct and measurable data are not available, are there areas that potentially could have a fiscal impact? (USE ATTACHMENT IF NECESSARY.)*

Local School Districts/Charter Schools : The increased appropriation in both the Local Replacement Funding and the Administrative Costs will benefit the charter schools and be more inline with the funding that the school districts receive. This bill limits the capacity for charter schools to 27,921 students (the maximum capacity for current charter schools) for FY 08 and 32,921 students for FY09.

Businesses and Associations :

Individuals :

***Narrative Description of Bill** : This bill modifies the charter school application and authorization provisions. The bill modifies certain requirements for charter schools, including those relating to charter school assets and school closures. It increases the funding for the Local Replacement Funds and the Administrative Costs funds as well as defines the funding distribution formula. This third substitute requires the State Board of Education and the State Charter School Board to develop a joint proposal for unifying charter schools and district schools into the same district local funding formulas. Six million dollars is also appropriated to the Charter School Building Subaccount as non-lapsing.*

This is a draft fiscal note response from the Utah State Office of Education (USOE) and may be revised in the future.

This fiscal note input draft does not imply endorsement of this bill by the State Board of Education or USOE.